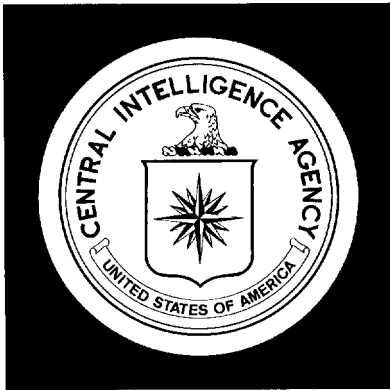


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*USSR-EGYPT: Egyptian Premier Sidqi's visit to Moscow resulted in some general pledges of friendship, but there is no evidence that the basic problems that led to the Soviet eviction from Egypt were resolved.

The main areas of agreement mentioned in the communiqué included the standard condemnations of Israel and a willingness to continue further contacts between the leaders of both countries. The communiqué said that Sidqi and Premier Kosygin "exchanged views" and that the talks took place "in an atmosphere of frankness and mutual understanding." Both phrases are ordinarily used to denote disagreement.

One point of contention probably was Moscow's refusal to deliver the kinds of weapons that Cairo says it needs to launch a military offensive across the Suez Canal. In a speech at a Kremlin reception Monday night, Sidqi expressed Egypt's gratitude for the many examples of Soviet economic aid and then noted that it is natural to discuss extending this cooperation to "other fields." Whether or not the Egyptians really believe they can reverse Soviet policy, they apparently intend--perhaps in part for domestic reasons--to go on pressing Moscow for new kinds of offensive weapons.

The communiqué indicates, however, that the Soviets will continue to withhold such weapons. Moscow may have been encouraged to maintain its position by the knowledge that the Egyptians have not had any success finding an alternative to Soviet arms. The Soviets are delighted, for example, over Egypt's failure to secure significant amounts of sophisticated weaponry from Western Europe.

The communiqué also said that the Arab states are entitled to liberate their land by "diverse means in accordance with the UN charter." This is

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a weaker formulation than was used during Sidqi's visit to Moscow in July, when "all" means were approved, and no reference was made to the UN charter.

Despite their differences, both sides have an interest in preventing their relations from getting worse. The Egyptians cannot afford to let Soviet political, economic, and military support sink below present levels, and Moscow does not want to jeopardize its use of Egyptian naval facilities. This attitude is reflected in the communiqué, which notes that Brezhnev, Podgorny, and Kosygin have accepted Sadat's invitation for a summit meeting in Cairo. No date is specified for this meeting, however, and further talks may be necessary before the Soviets commit themselves firmly to a summit.

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*Because of the shortage of time for preparation of this item, the analytic interpretation presented here has been produced by the Central Intelligence Agency without the participation of the Defense Intelligence Agency, Department of Defense.

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SWEDEN: The Riksdag reconvened on 17 October in an unusual atmosphere of contention between government and opposition.

The limited cooperation between the three non-Socialist opposition parties that developed last year is continuing. They are pressuring the Social Democratic government to stimulate the sluggish domestic economy and will use current unemployment as the issue for an early debate. The government would rather delay the introduction of legislation aimed at improving the situation, hoping late autumn statistics will vindicate its policies.

The Swedish Confederation of Trade Unions (LO) on 12 October issued a report that criticized the government's failure to eradicate unemployment and curb inflation. The LO, which normally supports the Social Democrats, waited until after the party's congress to release its broadside, which rebuked the government for the "near strangulation" of the domestic economy.

At the congress, Prime Minister Palme skillfully retained control over his party, giving his rambunctious left wing concessions on such issues as defense cuts and increased foreign aid, but not yielding to demands for recognition of East Germany, North Korea, and the Viet Cong. The congress failed, however, to come up with anything to relieve voter anxiety on domestic economic issues, which promise to dominate the 1973 election campaign.

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ICELAND-UK: Recent incidents at sea have clouded chances for an early resumption of ministerial-level negotiations with the UK over the fishing dispute.

Yesterday, an Icelandic Coast Guard vessel damaged the stern of a British trawler during an attempt to cut its trawl wires. According to the British, the trawler is in danger of sinking. Earlier this week, there were other reports of Icelandic ships severing British trawl wires. The British have protested the incidents.

A government spokesman in London yesterday claimed that the incidents are the work of extremists in the Icelandic Government who are determined to scuttle efforts toward arranging a peaceful settlement. Earlier this month, a British technical delegation in Reykjavik had worked out details for resuming top-level negotiations.

Last month, the British dispatched a naval frigate to back up the trawler fleet off Iceland. The frigate, presumably standing outside the 50-mile fishing waters limit that Iceland claimed on 1 September, would be in position to move quickly into the disputed area to discourage further Icelandic harassment of British fishermen. London is expected to announce today what action, if any, it intends to take.

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NOTE

LEBANON-FEDAYEEN: Lebanon's restrictions on commando activities in the south, imposed after Israeli ground incursions last month, have sharply accelerated infighting within Fatah, the largest guerrilla organization. The current fighting was triggered by Yasir Arafat's efforts to force young dissidents to observe the agreement with the Lebanese Government to suspend cross-border operations. The escalation of the quarrel within Fatah signals a diminution of Arafat's already tenuous control of his organization. Extremist factions unresponsive to his direction may undertake more independent action, including a step-up in terrorism abroad and attempts to resume operations in Israel. [REDACTED]

[REDACTED]

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